

Message Text

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20

ACTION NEA-16

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

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FM AMEMBASSY AMMAN

TO SECSTATE WASHDC 2577

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E.O. 11652: N/A

TAGS: JO, EMIN, EIND

SUBJ: FERTILIZER INDUSTRY DEVELOPMENTS

REF: A. AMMAN 1574

B. AMMAN 3658, 7/12/73

C. AMMAN 1463, 3/10/73

1. GOJ SEPT 27 ANNOUNCED DECISION TO SET UP COMPANY TO TAKE OVER FERTILIZER PROJECT. REF A REPORTED U.S. AND FRENCH FIRMS, INTERNATIONAL SYSTEM AND CONTROLS AND ROHN-PROGIL, RESPECTIVELY, SOON TO COMPLETE PLANS FOR FACTORY. ACCORDING TO BUDGET DIRECTOR OBAID, WHO WAS ON GOJ TECHNICAL COMMITTEE TO EVALUATE PROJECT, PROPOSAL OF U.S.-FRENCH JOINT VENTURE REJECTED. ACCORDING TO NATURAL RESOURCES AUTHORITY OFFICIAL, COST ROSE FROM INITIAL ESTIMATE OF \$40 MILLION TO \$150 MILLION AND FEES BELIEVED EXCESSIVE BY GOJ. HE HEARD AMERICAN FIRM WILLING TO REDUCE FEES, BUT FRENCH COMPANY HELD OUT FOR AMOUNT UNACCEPTABLE TO GOJ.

2. ACCORDING TO OBAID, GOJ, JORDAN PHOSPHATE MINES COMPANY (GOJ CONTROLLED), IFC AND FUTURE FOREIGN PARTNER EACH TO TAKE JD 1 MILLION IN CAPITAL OF NEW FIRM. HE
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OBSERVED PLANT, TO PRODUCE ABOUT 275,000 TONS ANNUALLY OF

TSP AND DAP, WOULD COST AROUND \$100 MILLION. U.S. COMPANY, AGRICO, IS INTERESTED IN UNDERTAKING AND MAY TAKE 40 PERCENT OF EQUITY, TO BE \$50 MILLION. CRAMER AND WERNER ARE TO DO FEASIBILITY STUDY WHICH WILL BE COMPLETED IN FOUR MONTHS. ACCORDING TO OBAID, DETAILS OF PROJECT MUST AWAIT STUDY RECOMMENDATIONS.

3. LOCAL WORLD BANK REPRESENTATIVE CONFIRMED IFC'S INTEREST IN PROJCT, BUT NOTED THAT THERE IS AS YET NO COMMITMENT FROM BANK. PROJECT, LARGER THAN ORIGINALLY SET FORTH IN THREE YEAR PLAN, IS IN AREA WHERE JORDAN APPEARS TO HAVE A TRUE COMPETITIVE ADVANTAGE. BECAUSE OF CHANGES AND DELAYS, HOWEVER, FERTILIZER PROJECT SEEMS NO CLOSER TO IMPLEMENTATION THAN SEVERAL MONTHS AGO.
PICKERING

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Message Attributes

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